

Message Text

UNCLASSIFIED

PAGE 01 VIENNA 07618 01 OF 02 150738Z

12

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 IO-13 ISO-00 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SPC-03 SS-15 USIA-15 ACDA-19 AID-20 COME-00

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 STR-08 CEA-02 AGR-20 DRC-01 /233 W

----- 102211

R 141522Z SEP 73

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 9899

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBSSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS UNN

USMISSION GENEVA

USMISSION OECD PARIS UNN

UNCLAS SECTION 1 OF 2 VIENNA 7618

PASS TREASURY, COMMERCE, FRB

E. O. 11652 N/A

TAGS: EGEN, AU

SUBJ: ALPBACH FORUM HIGHLIGHTS US-EUROPEAN DIFFERENCE ON TRADE AND

MONETARY ISSUES

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 VIENNA 07618 01 OF 02 150738Z

REF: VIENNA 6288 (NOTAL)

SUMMARY. ECONOMIC SYMPOSIUM AT THIS YEAR'S ALPBACH FORUM, HELD ON EVE OF TOKYO AND NAIROBI MEETINGS, FOCUSED ON DIFFERING US AND EUROPEAN APPROACHES TO WORLD TRADE AND MONETARY PROBLEMS. OVER 200 PROMINENT OFFICIALS, JOURNALISTS, BANKERS AND BUSINESSMEN REPRESENTING MOST COUNTRIES IN WESTERN EUROPE PARTICIPATED IN 2-DAY SYMPOSIUM HELD SEPT 5-6. ASST SECY OF COMMERCE SIDNEY JONES ABLY EXPOUNDED AND DEFENDED US VIEWS. EUROPEANS EXPRESSED CONSIDERABLE CONCERN OVER WHAT THEY REGARD AS PROTECTIONIST POTENTIAL IN US TRADE BILL NOW BEFORE CONGRESS. SHARP ATTACKS WERE DIRECTED AGAINST US EXPORT CONTROLS ON AGRICULTURAL PRODUCTS AND STEEL SCRAP. THERE WAS GENERAL CONSENSUS THAT TRADE AND MONETARY NEGOTIATIONS SHOULD PROCEED ALONG SEPARATE BUT PARALLEL LINES AND GENERAL RECOGNITION OF INTERDEPENDENCE OF BOTH. PROSPECTS FOR PROGRESS IN UPCOMING MONETARY AND TRADE TALKS CONSIDERED PROMISING BUT NO ONE EXPECTED QUICK OR EASY SOLUTIONS. END SUMMARY.

1. THIS YEAR'S ECONOMIC SYMPOSIUM HELD AT ALPBACH FOCUSED ON DIFFERING US AND EUROPEAN POSITIONS ON TRADE AND MONETARY QUESTIONS. US POSITION WAS ABLY EXPOUNDED BY ASST SECY OF COMMERCE SIDNEY JONES. AFTER REVIEWING CURRENT SCENE AND PROSPECTS FOR US ECONOMY, JONES SUMMARIZED US POSITION ON BOTH MONETARY AND TRADE ISSUES. HE EMPHASIZED US INSISTENCE ON OBJECTIVE CRITERIA AS MEASURE OF NEED FOR ADJUSTMENT AND CALLED FOR SYSTEM OF STABLE BUT ADJUSTABLE EXCHANGE RATES. JONES STRESSED THAT BOTH SURPLUS AND DEFICIT COUNTRIES SHOULD HAVE BOTH INCENTIVES AND DISCIPLINES TO CORRECT CHRONIC PAYMENTS IMBALANCES, AND THAT NO COUNTRY SHOULD HAVE EITHER SPECIAL RIGHTS TO UNIQUE OBLIGATIONS IN NEW SYSTEM.

2. JONES UNDERScored US BELIEF THAT SPECIAL DRAWING RIGHTS (SDRS) SHOULD BECOME INTERNATIONAL NUMERAIRE AND SERVE AS PRIMARY RESERVE ASSETS SHOULD DIMINISH. JONES EMPHASIZED US VIEW THAT MONETARY ROLE OF GOLD SHOULD DECLINE.

3. JONES CAME OUT STRONGLY AGAINST ANY LINK BETWEEN NEW ISSUES OF SDRS AND DEVELOPMENT AID. HE ALSO CALLED FOR RECOGNITION OF CLOSE RELATIONSHIP OF MONETARY, TRADE AND INVESTMENT ISSUES.

4. ASST SECY JONES REVIEWED IN SOME DETAIL PRINCIPAL FEATURES OF UNCLASSIFIED

UNCLASSIFIED

PAGE 03 VIENNA 07618 01 OF 02 150738Z

TRADE REFORM ACT OF 1973 NOW BEFORE CONGRESS AND PREDICTED THAT TRADE BILL WOULD BE APPROVED IN RELATIVELY SHORT TIME.

5. PRINCIPAL SPEAKER ON EUROPEAN SIDE WAS GERMAN INDUSTRIALIST OTTO WOLFF VON AMERONGEN, PRESIDENT OF GERMAN INDUSTRY AND COMMERCE CHAMBER IN BONN. HE WAS CRITICAL OF US CONTROLS ON AGRICULTURAL COMMODITIES AND SCRAP AND VOICED CONCERN THAT TRADE BILL AS DRAFTED WOULD GIVE US ADMINISTRATION AUTHORITY TO RESORT TO HIGHLY PROTECT-

IONIST MEASURES AS WELL AS MEASURES TO LIBERALIZE TRADE. IN RESPONSE TO ASST SECY JONES' QUESTION AS TO WHY US PRODUCTS WERE NOT SEEN MORE IN EUROPE, AMERONGEN POINTED TO HUGE AMERICAN DIRECT INVESTMENTS IN EUROPE AND SALES OF EUROPEAN-MADE PRODUCTS BY US COMPANIES. HE SAID US QTE COULD NOT HAVE IT BOTH WAYS UNQTE.

6. A TYPICALLY CONSERVATIVE SWISS VIEW OF INTERNATIONAL MONETARY SITUATION WAS GIVEN BY FRANZ ASCHINGER OF SWISS BANK VEREIN, ZURICH. ASCHINGER CALLED FOR RESTORATION OF DOLLAR AS KEY INTERNATIONAL CURRENCY THROUGH CURE OF US BALANCE OF PAYMENTS DEFICITS AND DEFENDED ROLE OF GOLD AS "PSYCHOLOGICAL REALITY" WHICH WOULD BE WITH US FOR LONG TIME.

7. FRENCH REPS DOUBTED THAT ANYTHING USEFUL CAN BE ACCOMPLISHED IN NEXT ROUND OF GATT TRADE NEGOTIATIONS UNLESS AND UNTIL NEW MONETARY SYSTEM IS PUT TOGETHER. GENERAL CONSENSUS OF MEETING WAS, HOWEVER, THAT TRADE AND MONETARY NEGOTIATIONS SHOULD PROCEED IN SEPARATE BUT PARALLELED FASHION AND LINKS BETWEEN TWO WERE GENERALLY RECOGNIZED.

8. AUSTRIAN FINANCE MINISTER ANDROSCH SAID THAT WHILE PROSPECTS FOR INTERNATIONAL MONETARY ACCORD ARE PROMISING, HE SAW NO JUSTIFICATION FOR EUPHORIA AND HE THOUGHT IT WAS HIGHLY QUESTIONABLE WHETHER ESSENTIALS OF A NEW MONETARY SYSTEM COULD BE ESTABLISHED IN 1974. NEW AGREEMENT COULD BE POSSIBLE, HE EMPHASIZED, ONLY WHEN POLITICAL AGREEMENT IS REACHED AT HIGHEST LEVELS. ANDROSCH ALSO CAME OUT IN FAVOR OF RETAINING GOLD AS RESERVE MEDIUM FOR SOME TIME TO COME, ON GROUND THAT GOLD ENJOYS CONFIDENCE IN MANY QUARTERS AND THAT NOTHING SHOULD BE DONE TO UNDERMINE ANY ELEMENTS OF CONFIDENCE.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 VIENNA 07618 02 OF 02 150804Z

14

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 IO-13 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SPC-03 SS-15 USIA-15 ACDA-19 AID-20 COME-00

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 STR-08 CEA-02 AGR-20 DRC-01 /233 W

----- 102352

R 141522Z SEP 73
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 9900
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS UNN
USMISSION EC GENEVA
USMISSION OECD PARIS UNN

UNCLAS SECTION 2 OF 2 VIENNA 7618

PASS TREASURY, COMMERCE, FRB

9. CONCERN ABOUT US TRADE BILL WAS REFLECTED IN COMMENTS OF MANY EUROPEANS AT ALPBACH. THAT TRADE BILL WILL ENABLE PRESIDENT TO ENGAGE IN NEGOTIATIONS TO LIBERALIZE TRADE WAS LARGELY OVERLOOKED AND MAY SPEAKES STRESSED THAT BILL WOULD ALSO ENABLE ADMINISTRATION TO UNCLASSIFIED

UNCLASSIFIED

PAGE 02 VIENNA 07618 02 OF 02 150804Z

ENGAGE IN HIGHLY PROTECTIONIST MEASURES IF IT SEES FIT TO DO SO. A FEW SPEAKERS EVEN WARNED OF DANGERS OF "TRADE WAR".

10. PROSPECTS FOR PROGRESS IN UPCOMING TRADE AND MONETARY TALKS WERE CONSIDERED PROMISING, BUT THERE WAS NO MOOD OF EUPHORIA AT ALPBACH. NO ONE ANTICIPATED QUICK OR EASY SOLUTIONS. CONSENSUS WAS THAT LONG AND HARD NEGOTIATIONS LIE AHEAD IN BOTH TRADE AND MONETARY AREAS.

11. AFTER CONCLUSION OF SYMPOSIUM, ASST SECY JONES AND EMBOFFS WERE QUESTS OF GOVERNOR OF TYROL AT LUNCHEON IN INNSBRUCK ATTENDED BY KEY BUSINESS AND INDUSTRIAL LEADERS IN TYROL.

12. TEXT OF ASST SECY JONES' SPEECH BEING SUBMITTED TO DEPT BY AIRGRAM. EMBASSY DISTRIBUTING COPIES WIDELY HERE.

13. COMMENT: GIVEN MIX OF PARTICIPANTS OF THIS YEAR'S ALPBACH SYMPOSIUM, WHO WERE DRAWN FROM GOVERNMENTAL, SEMI-GOVERNMENTAL AND PRIVATE ORGANIZATIONS, IT WAS NOT SURPRISING THAT VIEWS EXPRESSED RANGED FROM SKEPTICISM TO HOPE ABOUT FUTURE OF INTERNATIONAL TRADE AND MONETARY SYSTEM. SPEAKERS WHOSE PRIMARY INTERESTS

STEMMED FROM PRIVATE SECTOR TENDED TO BE PESSIMISTIC ABOUT PROSPECTS FOR VIABLE INTERNATIONAL MONETARY SYSTEM AND ANXIOUS ABOUT LIKELIHOOD OF PROTECTIONIST SWELL, PARTICULARLY IN US. ON THE OTHER HAND, THOSE REPRESENTING GOVERNMENTAL OR CENTRAL BANKING VIEWPOINTS, ALBEIT UNOFFICIALLY, WERE MORE BULLISH ABOUT PROSPECTS AFTER TOKYO AND NAIROBI. SOME OF THIS GROUP NOTED THAT, DESPITE UNCERTAINTIES CREATED BY FLOATING RATES, INTERNATIONAL TRADE HAD CONTINUED TO FLOURISH AND EXPAND. IN CONTRAST TO FOREGOING THERE WERE EXPRESSIONS OF CONCERN THAT DURING LONG PERIOD REQUIRED FOR FORTHCOMING TRADE NEGOTIATIONS AND FOR WORKING OUT NEW INTERNATIONAL MONETARY ORDER, BILATERAL ARRANGEMENTS WOULD PROLIFERATE AND THUS INCREASE DIFFICULTY OF WORKING OUT NEW INTERNATIONAL MONETARY ORDER, BILATERAL ARRANGEMENTS WOULD PROLIFERATE AND THUS INCREASE DIFFICULTY OF WORKING OUT MULTILATERAL SOLUTIONS.

14. OF PARTICULAR INTEREST WERE WIDE-RANGING OPINIONS ABOUT SIGNIFICANCE OF DOLLAR, IMPACT OF DOLLAR RESERVES BEING BUILT UP IN OIL-PRODUCING COUNTRIES, AND EXISTENCE OF PREFERENTIAL BLOCS. SEVERAL SPEAKERS, ESPECIALLY THE GERMAN, BASED THEIR DELIBERATIONS ON THEME THAT LIBERALIZING TRADE IS MAIN INGREDIENT FOR ACHIEVING INTERNATIONAL ECONOMIC EQUILIBRIUM AND THAT EXCHANGE RATES ARE LESS

UNCLASSIFIED

PAGE 03 VIENNA 07618 02 OF 02 150804Z

IMPORTANT.

15. IT WAS DISTURBING TO OBSERVE THAT VIEWS EXPRESSED ON US TRADE BILL AND RECENT US CONTROLS ON CERTAIN EXPORTS REFLECT WIDE MISUNDERSTANDINGS ABOUT US POLICY. IT DEMONSTRATED THAT WE HAVE CONSIDERABLE TASK AHEAD IN CORRECTING MISUNDERSTANDINGS AND MISAPPREHENSIONS. STATEMENTS SUCH AS THOSE MADE IN TOKYO BY SECY SCHULTZ AND AMBASSADOR EBERLE WILL HELP A GREAT DEAL IN SETTING RECORD STRAIGHT, AND WIDEST POSSIBLE DISSEMINATION OF SUCH STATEMENTS IN EUROPE WILL BE MOST USEFUL.

16. THAT MEETING ENDED ON NOTE OF GUARDED OPTIMISM WAS IN LARGE MEASURE DUE TO DR. JONES' EXPOSITION OF US VIEWPOINT AND HIS EMPHASIS ON IMPORTANCE OF SUSTAINING MULTILATERALISM IN WORKING TOWARDS BALANCED ECONOMIC RELATIONSHIPS BETWEEN US, EUROPE, JAPAN AND REMAINDER OF WORLD, INCLUDING LDCS.

17. ALPBACH SYMPOSIUM CONTINUES TO BE AN IMPORTANT VENUE FOR UNOFFICIAL DIALOGUES ON CURRENT INTERNATIONAL ECONOMIC ISSUES AND FOR INFLUENCING ECONOMIC LEADERS AND DECISION-MAKERS IN EUROPE. PRESENCE OF HIGH-LEVEL US OFFICIALS AT THIS SYMPOSIUM IS EXTREMELY VALUABLE, AND WE STRONGLY RECOMMEND THAT THE PRACTICE OF SENDING A SENIOR USG OFFICIAL FROM WASHINGTON TO THESE ANNUAL MEETINGS BE CONTINUED IN THE FUTURE. HUMES

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 14 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973VIENNA07618
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730932/aaaaaxnt.tel
Line Count: 274
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: VIENNA 6288 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Aug-2001 by reddocgw>; APPROVED <14 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALPBACH FORUM HIGHLIGHTS US-EUROPEAN DIFFERENCE ON TRADE AND MONETARY ISSUES
TAGS: EGEN, AU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005